

**From:** Randy Sekany [mailto:president@sjff.org]  
**Sent:** Thursday, June 17, 2010 7:46 AM  
**To:** Gurza, Alex  
**Subject:** L230 proposal 6-17-10

Hello Alex,

Please find attached a new proposal from San Jose Fire Fighters L230. Please be advised that an original copy will be sent to you and because of the time sensitivity of the budget process these documents will also be sent electronically to the Mayor and City Council. Please be further advised that the submission of the proposal to the Mayor and council is not intended to be an effort to negotiate with them. It is simply an effort to get the information disseminated so all involved parties can have as much time as possible to consider the proposal. Please call me if you have any questions about the proposal. L230 is prepared to meet with you and is currently available during the following time frames. Please advise regarding your availability.

June 17 11AM-1PM or after the budget hearing

June 18 8AM -1:30PM

June 21 8AM - mid-night

June 22 8AM - mid-night

If necessary L230 can meet on Saturday June 19 or Sunday June 20 with some limitations.

Thank you,

Randy

Randy Sekany, President  
San Jose Fire Fighters IAFF Local 230  
4th District Vice President  
California Professional Firefighters--

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## Local 230 Settlement Proposal of June 17, 2010

**Term:** Term of the agreement will be July 1, 2009 thru June 30, 2012

### **2009/2010**

- 0 % wage increase. Because the Police & Fire Retirement System assumes annual raises greater than zero, this proposal results in a \$1,400,000 savings in City contributions to the retirement system.
- **Total savings in 2009/2010: \$1,400,000**

### **2010/2011**

- 0 % wage increase. Because the Police & Fire Retirement System assumes annual raises greater than zero, this proposal results in a \$1,400,000 savings in City contributions to the retirement system.
- All unit employees will contribute an amount equal to 5.25% of their base pay as additional contributions to the retirement plan.
- The City will reduce its retirement contribution by a commensurate 5.25%, generating substantial ongoing general fund savings for multiple years. This will result in a savings to the City of **\$4,519,494**.
- **Total savings in 2010/2011: \$5,919,494**

### **Healthcare Co-pay**

- Effective July 1, 2010, co-pays for all available HMO plans shall be as follows:
  - a. Office Visit Co-pay shall be increased to \$25
  - b. Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name
  - c. Emergency Room Co-pay shall be increased to \$100
  - d. Inpatient/Outpatient procedure Co-pay shall be increased to \$100

### **Payment In-Lieu of Health and Dental Insurance**

- Effective July 1, 2010 Employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive fifty percent (50%) of the City's contribution toward their health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty percent (50%) of that contribution.
- Effective June 27, 2010, employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

	Health In-Lieu	Dental In-Lieu
If eligible for family coverage:	\$221.84	\$19.95
If NOT eligible for family coverage:	\$89.09	\$19.95

This will result in a savings to the City of approximately **\$500,000**.



- A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

### **Strengthening Retirement Systems**

#### ***Retiree Healthcare Funding***

- Effective July 1, 2010, bargaining unit employees shall make pre tax contributions for firefighter retiree health benefits in the percentage amount of pensionable pay equal to that which takes effect for active San Jose Police officers on July 1, 2010.
- This will be subject to the parties later negotiating amendments to the San Jose Police and Fire Retirement Plan determining any and all changes to retiree healthcare funding.
- The parties agree that the contributions made effective July 1, 2010 shall be held in trust for the sole and exclusive purpose of funding firefighter retiree healthcare benefits.
- The parties shall immediately commence bargaining over implementation of a pre-funding agreement for retiree healthcare provided further that any and all final amendments to the plan regarding retiree healthcare funding shall require employee contributions no greater than any negotiated for San Jose active police officers.

### **2011/2012**

- 0 % wage increase. Because the Police & Fire Retirement System assumes annual raises greater than zero, this proposal results in a \$1,400,000 savings in City contributions to the retirement system.
- All unit employees will contribute an amount equal to 5.25% of their base pay as additional contributions to the retirement plan.
- The City will reduce its retirement contribution by a commensurate 5.25%, generating substantial ongoing general fund savings for multiple years. This will result in a savings to the City of **\$4,519,494**
- **Total savings in 2011/2012: \$5,919,284**

**Total savings from contract from July 1<sup>st</sup> 2009 thru June 30<sup>th</sup> 2012: \$13,738,988**

#### ***Retirement Benefit Reform***

- All new bargaining unit members hired after July 1, 2011 shall receive a retirement benefit in which the formula for calculating the benefit two and one half (2 ½%) percent of final compensation for each year of service with the city up to twenty (20) years, plus (4%) percent of final compensation for each year of service with the city between 21-30 years subject to a maximum of ninety (90%) percent.
- All new bargaining unit members hired after July 1, 2011 shall receive a two and one half (2 1/2%) COLA increase every February 1<sup>st</sup> following their retirement

With regards to the employees increasing their share of the retirement costs specifically, effective July 1, 2010 through June 30, 2012, all unit employees will contribute 5.25% of base pay towards prior service



retirement costs. This payment will be made on a pre-tax basis through payroll deduction pursuant to IRS Code Section 414(h)(2). This contribution shall be credited to an employee's individual account for purposes of refunds, where such refunds are required or permitted under the Plan to be given to an employee. This contribution shall terminate effective the last full pay period of June 2012.

As was directed by the City council in adoption of the March Budget Message for Fiscal Year 2010-2011; "To the extent possible, concessions from non-sworn bargaining units should primarily be used to save non-sworn positions, and savings from the sworn bargaining units should be primarily be used to save sworn positions."

The parties agree that there will be no lay offs of bargaining unit personnel during the term of the contract.

The parties agree that for purposes of future negotiations/arbitrations the compensations levels established by this agreement do not necessarily place Local 230 members in—their an appropriate labor market position.

